IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL DISTRICT, IN AND FOR PALM BEACH COUNTY, FLORIDA

CIVIL DIVISION

CASE NO. CL - 97-10357 AE

MONTGOMERY & LARMOYEUX, a Florida General Partnership, by Robert M. Montgomery, Jr., general partner,

Plaintiff,

vs.

PHILIP MORRIS, INC.; RJ REYNOLDS TOBACCO COMPANY; MICHAEL MAHER; MAHER, GIBSON & GUILEY, P.A.; JOSEPH RICE; and NESS, MOTLEY, LOADHOLT, RICHARDSON & POOLE, P.A.,

Defendants.

COPY

DEPOSITION OF ANN RICHARDS

July 16, 1998

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Notice of Taking Deposition

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FOR THE WITNESS:

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Ms. Martha S. Dickie
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The oral deposition of ANN RICHARDS was taken on July 16, 1998, beginning at 10:00 a.m., in the offices of Minton, Burton, Foster & Collins, 402 West 12th Street, Austin, Travis County, Texas, before Lois E. McCoy, Certified Shorthand Reporter in and for the State of Texas, pursuant to Notice, the Florida Rules of Civil Procedure, and the following stipulation of counsel for the respective parties that:

IT WAS STIPULATED AND/OR AGREED that the deposition is to be signed by the witness before any Notary Public or officer authorized to administer oaths.

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(Deposition Exhibit 1
marked for identification)

ANN RICHARDS,
called as a witness and having been first duly sworn, testified as follows:

EXAMINATION

BY MR. BEASLEY:

Q Would you please state your name for the record.

A Ann Richards.

Q What is your residence address?

A My residence address is [DELETED]

Q What is your business address?

A 98 San Jacinto, Number 1400, Austin, Texas.

Q What business is conducted at that business address by you?

A That's where I receive my mail. That's where I make telephone calls. It's where I talk with people who want to see me. Just the normal kind of activities that you would have in any office.

Q Is there anybody else in that office besides

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yourself?
A Yes, there is.
Q Who else?
A I have an assistant named Barbara Chapman, and I have a young woman who answers the telephone. There is another young attorney who does principally work for water districts in Texas, and he has an assistant, and his name is Phil Holder and his assistant's name is Jennifer, and, I'm sorry, I don't know her last name.
Q Do you lease those offices yourself?
A The law firm of Verner, Liipfert leases those offices.
Q Are you employed by Verner, Liipfert?
A I am.
Q What is your capacity with them?
A I am called an adviser.
Q How long have you been an adviser with Verner, Liipfert?
A A couple years.
MR. BEASLEY: Sounds like a 747 taking off.
(Discussion off the record)
Q (By Mr. Beasley) Are you employed by anyone

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else at the present time besides Verner, Liipfert?

A Yes, sir.

Q Okay. By whom else?

A I'm on the board of JCPenney. I'm on the board of an insurance company called TIG Holdings. I make speeches. So that employment is self-employment.

Q Anything else that provides you with income?

A Offhand I can't think of anything. Not of any substance.

Q About how much of your professional time, business time, is spent on activities through Verner, Liipfert as compared to these other things you've described?

A Probably a third to a half.

Q You were Governor of Texas from 1991 to 1995. Is that right?

A I was.

Q When did you leave office?

A I don't know, 1995, I guess. Whenever I got beat.

Q Early 1995?

A Yeah. January.

Q Have you had any other employment from the

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time you left the governorship until today other than what you have just described?

A Not of any substance, no.

Q I understand you went to college at Baylor. Is that right?

A I did.

Q What is your degree?

A B.A.

Q You are not a lawyer, are you?

A No, I am not.

Q How did you come to be employed by Verner, Liipfert?

A I knew the two principal senior partners of the firm for about 40 years, and they asked me, after I lost the governor's race, if I would be interested in joining them for the purposes of advice and lobbying, and I agreed.

Q Who were those two partners?

A Berl Bernhard and Harry McPherson.

Q So you are a nonlawyer working for a law firm. Is that correct?

A That's right.

Q They have offices in -- this office you've described in Austin as well as an office in

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Washington?

A They have an office in Austin. They have one in Washington, Houston. We now have offices in Nevada, in Florida, and Hawaii.

Q Do you work out of all those offices?

A If I choose to, I could. As a practical matter, I work out of Washington and Austin.

Q Do you have a personal office assigned to you in Washington?

A Yes, I do.

Q Do you have a secretary or other assistant assigned to you in Washington?

A Yes, I do.

Q What other nonlawyers work as advisers at Verner, Liipfert?

A I don't know.

Q Does Jane Hickey work as an adviser to Verner, Liipfert?

A No, Jane Hickey is a lawyer.

Q She's a lawyer?

A Yes, sir.

Q She was your former Chief of Staff?

A No, sir, she was not.

Q Did she ever work for you?

A Yes, she did. Jane Hickey ran what is called

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the State Fed Office in Washington when I was Governor of Texas. Her responsibilities were to protect and carry out the interests of the State of Texas in the activities in Washington.

Q Was she already at Verner, Liipfert when you joined them about two years ago?

A We virtually went there at the same time, approximately the same time.

Q Does George Mitchell work for Verner, Liipfert?

A He does.

Q Does he do work similar to the work you do for them?

A I think so, yes.

Q He's the former Majority Leader for the Senate?

A Yes.

Q And does Lloyd Bentsen, former senator from Texas, also work for Verner, Liipfert?

A Yes, he does.

Q He does work similar to the work you do for them?

A Yes, he does.

Q Are you a registered lobbyist?

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A Yes, I am.
Q For whom are you registered?
A I cannot tell you that. The way that I think that it works is that the law firm files on all our behalf.
Q You don't file for individual clients of your own?
A I don't think so. At least I personally have not done that.
Q When you first -- strike that.
After you joined Verner, Liipfert, when was the first time you did any work for any tobacco companies?
A I think that it was approximately May of last year. I would have to check the law company records to be certain about it.
Q So you think it was May of 1997?
A Yeah, and I'll tell you why I pinpoint it at that time. The negotiations were already underway for the June 20th agreement, and I went to a couple of meetings prior to the finalizing of that June 20th agreement. So I think that it was the month or two before the agreement was finally reached.
Q So Verner, Liipfert was not representing

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tobacco companies when you joined them sometime in 1996?
A No, sir.
Q And your joining Verner, Liipfert had nothing to do with their representation or potential representation of tobacco companies?
A No, sir.
Q Do you know who brought the tobacco companies to Verner, Liipfert, who introduced them to Verner, Liipfert, was responsible for them becoming clients of Verner, Liipfert?
A I don't know with any certainty. I think that the principals involved with the tobacco companies I know were George Mitchell, Berl Bernhard, and Harry McPherson.
Q Who is Harry McPherson?
A Harry McPherson is one of the senior partners of the firm and one of the names in the firm, Verner, Liipfert, Bernhard, McPherson & Hand.
Q Who asked you to get involved in the work for the tobacco companies?
A Harry McPherson.
Q And as a result of your becoming involved, what did you do for the tobacco companies, starting, let's say, the first -- from May,

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June of 1997 up until the time the national settlement, proposed national settlement, was put together?

A The law firm was hired to attempt to pass legislation that would reflect the June 20th agreement, and my responsibilities and what I was asked to do from time to time was to assist in trying to pass some legislation that would reflect that agreement.

Q So just to make sure I've got this right, do I understand correctly, then, that your role primarily was -- even before it was put together -- was to become familiar with it so that you could help see that it got enacted on the federal level, or were you involved to any extent in the actual negotiation of the proposed national agreement, we'll call it, the June 20th agreement?

A I attended a couple of meetings where the negotiations were going on, but I played no substantive role at all.

Q Would it be fair to say you were just familiarizing yourself with the issues and the problems?

A That was true, so that I could understand

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about the agreement from the time I agreed to take it on. And, you know, now that you ask me specifically when I began this work, the truthful answer is that I can't remember, but I can call the firm and I can let you know. If you ask me specifically who was the first person I ever talked to or where did I go, I don't know the answer to that.

Q All right. What I'm really trying to find out is whether you began lobbying people in the Federal Government even before the June 20 date, or did you wait until after the June 20 date to begin that activity?

A I don't recall, but it would certainly have been possible.

Q That you started contacting people as soon as you got involved?

A That I would have talked to someone.

Q Were there any people in the Federal Government that you concentrated on at the outset; who were your key contacts?

A Well, it doesn't work that way.

Q Okay. Tell me how it works.

A I can remember, for example, that late in the negotiations for the June 20th agreement,

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some of the attorneys general wanted to visit with Senator Kennedy, and I called and made an appointment for us to go over there and see Senator Kennedy and to talk to him. I think their purpose was to determine whether or not he was going to be sympathetic in any fashion to an agreement. So that's the kind of thing.
Q Now, the agreement, the June 20 agreement, was being put together by the attorneys general primarily of the various states. Correct?
A The attorneys general and the tobacco companies.
Q And obviously the tobacco companies.
A And a man named Matt Myers who represented Tobacco-Free Kids, I think was the name of the organization.
Q And it was contemplated that this proposed agreement would be implemented by federal legislation. Is that right?
A That's correct.
Q When you came on the scene, was it part of your job to determine how likely it was that what they were putting together could be

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enacted by Congress?

A If I had been asked about any specific portion of it, I certainly would have given my opinion about whether it would have been likely to be enacted or what would be --

(Mr. Romano's telephone disconnects)

(Discussion off the record)

A I forgot what you were asking me and what I was answering.

Q (By Mr. Beasley) What I was trying to understand was the group that was working on this settlement that became the June 20 agreement, the June 20 agreement, everybody understood the June 20 agreement, the whole purpose of it was to get it enacted by Congress. Is that correct?

A That's correct.

Q And so somebody had to be making a decision or thinking about whether what they were putting together was in fact something that could be sold to the Congress?

A That is correct.

Q And was that something that you were involved in analyzing or advising upon?

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A Yes.
Q And so that occurred, obviously, prior to June 20th?
A Yes.
Q And to what extent, then, did you get involved or understand or analyze the various substantive provisions of what was being worked out in order to be able to advise people that you were working with whether or not this was something that could be sold to the Congress?
A Well --

MR. HELMS: Counsel -- I'm sorry -- I don't understand where we're going here.

MS. DICKIE: And let's get Mr. Romano back on the line because he's holding.

MR. BEASLEY: Okay. Go ahead.

(Discussion off the record)

MS. DICKIE: Are you there?

MR. ROMANO: I sure am, yes.

MS. DICKIE: Okay.

MS. RITTER: And I am too.

MR. BEASLEY: Okay. Everybody is back?

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MR. ROMANO: Yes.

MS. DICKIE: We had an objection.

MR. HELMS: Yeah. I'm not sure I understand why any of this has anything to do with this case. Maybe you can help me.

MR. BEASLEY: Well, sir, your objection is noted, and I'd like the witness to answer the question, please.

MR. HELMS: Well, can you help me, because I don't want to interrupt you. Can you explain to me why you're asking her about what was going on at that point that had nothing to do with Florida.

MR. BEASLEY: Well, I think it does have a lot to do with Florida and I think that will become clear, so if you'll just stand by, I think all your questions will be answered.

MS. DICKIE: Why don't you try to restate your question and make it a little simpler. It was a really long question.

Q (By Mr. Beasley) You were trying to advise people in May and June, as this agreement was being put together, on the prospects for it being enacted by Congress. Isn't that

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right? That's what you said.
A Well, that isn't -- that really isn't what I did.
Q All right.
A If my opinion was asked, I would give it, no matter who asked me. By and large, I would talk with Jane from time to time, who was attending all of these negotiations. But there were -- you know, there are a lot of people involved in whether or not this would pass the Congress, not just the Congress.
Q Also has to be signed by the President. Right?
A Well, there was the FDA. There was the Department of Health and Human Services. There were various organizations on the outside. So the kind of things I would be asked about was whether or not I thought that this would or would not pass muster with this group or that group or this person or that person, and I would give my opinion if I had one.
Q Prior to doing this work in May and June of 1997, you had had some familiarity with tobacco-related legislative issues as

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Governor of Texas, hadn't you?
A Well, there were -- Mothers Against Drunk Drivers would always come with a bill of some sort. But I was not directly involved, no.
Q I had understood that Texas, under your governorship, had passed a fair amount of antismoking legislation for which you got a lot of favorable credit during the time.
A Actually, I wish I had, as it turned out. I can't think what we did. I don't recall with any specificity.
Q To what extent in May and June did you undertake to understand the details of the -- substantive details of the settlement that was being put together so that you could advise or counsel with people as to whether this was a package that could likely be pushed through the Federal Government?
MS. DICKIE: I'm going to object. I don't think she's testified that that was her role.
You can go ahead and answer the question.
Q (By Mr. Beasley) Did you?
A I'm not sure what you're asking me. I think

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you're trying to put me in a role I didn't have.
Q I'm trying to understand what your role is.
A And also, I'm worried about consistently using May and June, because I can't tell you with any accuracy about the dates of when I was doing anything.
Q The time period I'm focusing on right now is from the first time you got involved in this process, whenever that was.
A Yeah.
Q Let's use the cutoff of the first period, June 20th, when the thing was actually signed off on by the people who had to sign off on it at that time. During that time period, to what degree did you become familiar with the substance of the agreement that was being worked out?
A To what degree? Well, I tried to familiarize myself with the things that would be legislatively significant or would be important to agencies of the government.
Q During this first phase up until June 20, did you have occasion to meet with any representatives of the State of Florida?

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A I don't think so. I met the Attorney General of Florida one time in the hotel where -- and there were so many people that were in the negotiations -- I met him with a -- there were a group of people, a lot of other attorneys general.

Q There was Attorney General Robert Butterworth?

A Yes.

Q You don't recall any substantive discussions with him specifically?

A No, I don't.

Q Did you meet with any other representatives of Florida?

A Not that I'm aware of, no, sir.

Q Do you know a lawyer named Walter Umphrey?

A Yes, I do.

Q How do you know him?

A Walter supported me when I ran for Governor of Texas and he was a consistently generous supporter, and I consider Walter also a friend.

Q Was he the largest contributor to your Texas Governor campaigns?

A I don't think so. He loaned me a large

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amount of money which I paid back and paid with interest.

Q How much did he loan you?

A $250,000.

Q Is there a press report that he contributed $400,000 to your campaign; is that right?

A I don't know.

Q Were you aware that he was one of the lawyers representing the State of Texas in the lawsuit that Texas had filed against the tobacco companies?

A Yes, I did know that.

Q When did you first learn that?

A I think when the -- I think when I went over to the negotiations, and there were a lot of trial lawyers around, most of whom I didn't know, and someone mentioned that Walter was in town, but I didn't see him.

Q Prior to this time period that you've been describing when you went to these meetings in May or June of 1997, had you ever discussed the tobacco litigation with Mr. Umphrey?

A Not that I recall, no.

Q At these meetings that you went to up until June the 20th, did you meet with Ron Motley

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of the Ness, Motley firm in South Carolina?
A I could have, but there were a lot of lawyers around and I'm not sure.
Q You don't recall any specific contact with him?
A No, sir.
Q Or his partner Joe Rice?
A No, sir.
Q Or anyone else from his law firm?
A I don't know who is in his law firm.
Q What about Dick Scruggs from Mississippi?
A I met Dick Scruggs, and I remember meeting him at the hotel at one of those negotiation meetings.
Q Did you become aware that Mr. Motley and his firm and Mr. Scruggs and his firm had any relationship with Mr. Umphrey?
A No, except that I know all those trial lawyers, like any other occupation, they all seem to know each other.
Q Did you have any dealings with Arthur Golden, who is a New York -- also a New York lawyer who represents some of the tobacco companies?
A Yes, sir. I was present in meetings with Arthur Golden.

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Q Did you -- you said you took -- you had a -- I forget exactly how you described it -- but there was some significant amount of contact with Meyer Koplow?
A Yes.
Q Was your contact, the degree of contact, with Arthur Golden the same as with Mr. Koplow or different?
A No.
Q How were they different?
A Well, they were different in the sense that I think that Jane kept Meyer informed, and Arthur Golden was present in meetings, but, you know, I never had a conversation with him outside of a meeting or independently on the phone or anything like that.
Q At the time the proposed national settlement was put together on June 20th, 1997, did you have any understanding of how legal fees were to be paid to the private lawyers who had worked on the various state litigations?
A No, sir.
Q That was not a subject that you became familiar with at all prior to June 20th?
A No, sir.

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Q You didn't have any discussion of the legal fee issue with Mr. Umphrey?
A No.
Q Or Mr. Motley?
A No.
Q Or Mr. Rice?
A No.
Q Or Mr. Scruggs?
A No.
Q Prior to June 20, did anyone ask you whether or not you would serve as an arbitrator for legal fees to be paid pursuant to the proposed national settlement?
A Sometime later, not during that time, Walter Umphrey called me and asked me if I would consider doing that. In honesty, I didn't know what he meant by it. And I told him that I had no idea whether I would be interested in doing anything like that or not, but that I thought that it was entirely premature since no legislation had been passed and there was nothing of that sort set up; and that, also, I represented a client and I didn't know whether my client would have any interest in me performing that kind

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of work; and that I just thought it was all premature.

And so I mentioned it to Berl Bernhard -- we were at dinner in New York sometime later -- and I said, What did that mean, what were they talking about, what does that -- what would that do? And he said, Well, you would set lawyers fees. And I said, Well, doesn't sound like any job -- doesn't sound like any job that's very attractive to me. And that was the sum total of it.

Q Did you and Mr. Umphrey ever talk about that subject again?

A No.

Q Can you recall when that conversation took place with respect -- in relationship to the June 20 date?

A No, it would just be kind of a guess. I could probably track it down by looking at the calendar and figuring out when Berl and I were in New York, but it was -- I would say months.

Q Months after June 20th?

A Yeah.

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Q Did you ever discuss that arbitration issue or your potential role in such an arbitration with anyone else ever again?
A No.
Q Did Mr. Umphrey or anyone else ever mention to you that former senator Howell Heflin would be another arbitrator?
A No. The first I knew of that was in reading the material of the various documents in preparation for this deposition.
Q But no one ever discussed Senator Heflin with you?
A Not that I recall.
Q Did you have any role in the development of the settlement of the Mississippi tobacco litigation which occurred on July the 2nd, 1997?
A No, sir.
Q Did you have any awareness that there was going to be a settlement of Mississippi at or about the time it occurred?
A No, sir.
Q When did you first become aware of the Mississippi settlement?
A I don't know.

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Q Have you ever read the Mississippi settlement documents?
A No, sir.
Q Have you ever discussed them with anybody?
A No.
Q Did anyone ever talk to you about playing any role about setting legal fees pursuant to the Mississippi settlement?
A No, sir.
Q You were aware -- let's back up. Now, let's talk about the second time period, which begins on June the 20th, after the proposed national settlement is put together, and goes through the date of the Florida settlement, which was on August the 25th, 1997. During that time period, what was your -- what type of activities were you engaged in in your assignment from the tobacco companies?
A Well, I talked to various elected officials and staff and people in federal agencies about the agreement and the significance of it. I felt that it was an important health agreement. And I talked with, you know, people in my office, staff, who were doing the kind of day-to-day work with it. This

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law firm is very generous and understanding of my time, and so when there are specific things that they feel that I can do that perhaps other people could not do, I'm asked to do that and I usually do, unless it's something I disagree with.

So I don't know really how -- I don't know where you're going or what you are trying to find out. I'll be happy to tell you.

Q I was just trying to get a general idea of what you did after June the 20th up until about August the 25th to lobby the Federal Government to enact the June 20 agreement.

A Well, you understand that, first of all, it was nothing -- it was an outside agreement. No member of Congress was a participant in its being devised. My responsibility, of course, weighs more with Democrats than with Republicans. The task was, with a Republican-controlled Congress, to be able to get a bill written that would reflect the June 20th agreement, and most of that work was done by members of the group that were lobbying on behalf of the agreement with

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Republican members of Congress who were in control of the most important committees that would determine whether or not we could get a bill to the floor.

Q So you were doing all of that during this time period of June 20th to August the 25th?

A Whatever the assignment was, I did. I'm sure I contacted people at Health and Human Services to see if the aspects of the June 20th agreement were what they should be in the interest of Health and Human Services so that they would be in favor of the agreement.

Q And at Verner, Liipfert, who was the quarterback of all this effort? You said you took -- as I understand it --

A Jane Hickey and Harry McPherson.

Q You're doing specific assignments, you're not masterminding the whole effort, as I understand it.

A That's right.

Q They were?

A That's right -- well, no, I'm not going to say that, because this was a cooperative agreement, there were so many lawyers and law firms and lobby groups involved, that the

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legislation to implement the June 20th
agreement?
A It would be that they would be enthusiastic
about the June 20th agreement.
Q So you were trying to make sure that even if
they did settle their individual case, that
they would still be behind the June 20th
agreement?
A We certainly hoped that they would.
Q Did you have any conversations with the
Governor or Attorney General of Mississippi
in connection with their settlement?
A Forgive me, who is the Governor of
Mississippi?
Q I have no idea.
A Well, if you tell me, I can tell you.
Q I may be able to find out. Mike Moore is the
Attorney General.
A I think I can tell you all the governors I
talked to.
Q I know you must have talked to a lot of
people, but I'm just asking --
A Yeah.
Q -- if you recall talking to the Governor of
Mississippi or the Attorney General

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specifically about their settlement of their tobacco litigation.

A No, sir, I did not.

Q Okay. Now, I believe you know Governor Chiles, Lawton Chiles.

A I do. I know Lawton well.

Q How long have you known him?

A I don't know. Seven or eight years.

Q How do you know him?

A I know him because he was Governor of Florida and I was Governor of Texas.

Q At the same time. Is that right?

A Yes.

Q You were both elected in 1990?

A Yes.

Q Did you know him before he was Governor and you were Governor?

A I may have, but not well.

Q What was your frequency of contact with Governor Chiles during the four years that you were Governor of Texas?

A Oh, off and on. Nothing predictable.

Q And after you left the governorship in 1995, did you have occasion to talk to Governor Chiles?

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A I did. I talked to him about his support of the June 20th agreement.
Q Had you had any conversations with him during the time period from the time you left the governorship in 1995 until that time in the summer of 1997 when you talked about the tobacco case?
A I think I called him one time when I was going to Florida fishing.
Q Other than that, can you recall any contact with him at all during that period of --
A No, unless I would have seen him at Democratic events, dinners, or receptions, or such, in Washington.
Q So you had had -- since you left the governorship, you had had no occasion to talk to him specifically about any particular governmental issue?
A I can't think of anything specific, no.
Q Why did you call Governor Chiles in late August of 1997?
A I called Lawton and told him that we were interested in getting that June 20th agreement passed and I felt that his relationship with the President was

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significant, and that I hoped that when the Florida agreement came about, if it did come about, that he would still be a supporter of the June 20th agreement.

Q Whose idea was it for you to call Governor Chiles?

A I'm not sure whose idea it was, but I was asked to call him by Jane Hickey, and perhaps I should add here that it was determined that -- and when you ask me whose idea, I can't answer that -- but --

Q As far as you knew?

A As far as I know. But it made sense to me that all of the Democratic governors should be briefed about what the June 20th agreement was about, what was in it. And that was done by Jane and I'm not sure who else. They met with the staff of all the Democratic governors that wanted to attend the meeting and gave them a briefing on the June 20th agreement.

I agreed that I would call any of the Democratic governors that I knew, and I went to a meeting of governors in Las Vegas where I spoke with a number of them about the

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agreement.
Q When was that?
A I don't remember. I'm not sure.
Q How long after June 20?
A I could call my office and ask them to --
Q How long after June 20th was that?
A I'm trying to remember what the weather was like, you know. I don't recall. But probably -- probably it would have been several months.
Q Do I understand that Jane Hickey and someone else from Verner, Liipfert briefed at least some people from Florida on the national settlement prior to the time you called Governor Chiles?
A If the Florida office came to the meeting, yes.
Q Do you know whether she or anyone else from Verner, Liipfert had any direct contact with Governor Chiles or Attorney General Butterworth?
A I'm sure that Jane and Harry -- I don't know about Berl -- would have seen Attorney General Butterworth in the negotiation meetings prior to June 20th.

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Q And afterward?
A I don't know. But I wouldn't think so. But I don't know.
Q Now, was it Jane or someone else that told you about the potential Florida settlement before you called Governor Chiles?
A It was probably Jane.
Q Do you recall what she told you about it?
A She told me nothing about the settlement itself.
Q She told you there was going to be a settlement or about to be a settlement?
A That they were trying, yeah. And we knew. I mean, we knew that that was going to be Mississippi, Florida -- the reason I knew that was because of Texas. I was really interested in Texas.
Q Those are the three states --
A And that Minnesota, where the only attorney general who did not sign onto the agreement, was going to continue with the lawsuit. So, you know, as a general matter, I knew that these states were in line and that their dates were set.
Q Right, because their trial dates were coming

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up?

A Yeah.

Q In that sequence. Correct?

A Yeah.

Q All right. So you were generally aware that the Florida case was going to go to trial and you were generally aware that there were settlement discussions that had been going on?

A Yes, sir.

Q And so Jane told you, Jane Dickie told you that -- I'm sorry, is it Dickie or Hickey?

A Hickey.

Q Hickey, sorry -- that Florida was getting closer to a settlement -- is that what she told you -- or something else?

A No.

Q What I'm trying to understand is why she thought it was appropriate for you to call Governor Chiles at that time as opposed to earlier or later. What was the -- what events were triggering the desirability of your calling Governor Chiles at that particular time?

A I don't know. You know, I don't know that --

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I'm sorry, I don't know.
Q Now, do you recall the date of your conversation with Governor Chiles?
A Huh-uh.
Q His recollection was that it was in the week prior to August 25th. Do you have any idea?
A I don't know. Could have been. I don't even know where I was when I called him.
Q That was my next question.
A I mean, I could have been in Austin, I could have been in Washington, I could have been in an airport, because I do a lot of telephone calls in airports.
Q Do you know where he was?
A No, I don't, but I assumed he was in his office.
Q His recollection was that he was on vacation in North Carolina.
A Could have been.
Q Does that ring any bells with you?
A No, but that certainly could have been.
Q If he was on vacation in North Carolina, how did you find out how to get in touch with him?
A Well, I don't have a clue, unless somebody

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gave me a phone number. I mean, I assume, if that's where he was, I would have called his office and they would have told me how to reach him.

MR. BURTON: Let me take just a couple of minutes.

MR. BEASLEY: Sure.

MR. BURTON: We have a message here.

(Discussion off the record)

MR. BEASLEY: Ann and John are back?

MR. ROMANO: Yes.

MS. RITTER: Yes.

MR. BEASLEY: Okay.

Q (By Mr. Beasley) Approximately how long was the telephone call you had with Governor Chiles?

A Oh, I don't know, two or three minutes.

Q Was anyone else on the line besides you and Governor Chiles that you know of?

A Huh-uh.

Q Was anybody else with you at the time you made the call?

A I don't remember -- I don't recall. If

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anyone had been with me, it would have been Jane.
Q Did she or anyone else give you any memorandum or set of talking points or any other aids to prepare you for your call with Governor Chiles?
A No, sir.
Q Did you make any notes about what you were going to tell him prior to the time you called him?
A No, sir.
Q Did you tell Governor Chiles on whose behalf you were calling him; that is, did you tell him who your clients were or what your interest in this matter was?
A I'm not sure that I told him in that telephone conversation, but if I didn't, it would have been because he knew that.
Q How did you know that he knew that?
A Well, Jane says that we saw Lawton in Las Vegas -- and I remember talking to a lot of governors out there -- but Jane says we ran into Lawton in an elevator and that I said something to him at the time about tobacco and hoped he was going to be

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supportive of the national agreement.

So I don't -- since I don't know the timing of these things, I just can't tell you. But if I had thought he didn't know, I would have said, "I'm working for tobacco to try to get this June 20th agreement settled and passed, and so if you-all work that deal in Florida to get your thing done, I hope very much that you'll still be supportive of the June 20th agreement." And he laughed and he said, "Well, you can tell them" -- I assume meaning tobacco -- "that I'm damn sure not going to support it if I don't settle Florida."

Q What did that mean to you?

A Well, just what he said, that he wasn't going to support it if he didn't get his Florida settlement done.

Q So he was saying that if Florida settled, he would support the national settlement; but if Florida didn't get a settlement, that he would oppose the national settlement?

A That was the gist of what I understood, yes.

Q Did that make sense to you?

A Sure.

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Q Why?
A Well, I think he wanted to put the heat on tobacco to settle Florida.
Q So he was, in effect, going to trade his support of the national settlement --
A Well, I think you're reading words into this. He didn't say that. I told you what he said and I think I'm pretty accurate about it.
Q I understand that. I'm not a politician, I don't know how they think, so I'm just trying to --
A Oh, I think you can figure it out. It's not too complicated. Even a lawyer could understand it.
Q I'm going to try. Do you recall anything else about that conversation?
A That's all there was to it.
Q Did you, after the conversation, report that conversation to anyone?
A I did.
Q And going back to that conversation, how did you leave it? Did you ask him to do anything or did he ask you to do anything?
A Huh-uh.

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Q He just told you his position?
A Sure.
Q So let me go back to my other question, then. Who did you report this to?
A Jane.
Q Anyone else?
A No.
Q You just told her about it?
A Uh-huh.
Q Did you ever see any written summary of this telephone call prepared by you or her or anyone else?
A No.
Q Do you know whether that telephone conversation you had with Governor Chiles had any impact on whether or not the tobacco companies in fact settled, were going to settle with Florida?
A No.
Q Did you ever discuss that subject with Meyer Koplow, for example?
A I don't think so. I could have, but I don't think so.
Q Or Arthur Golden?
A No. I didn't have anything to do with the

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state settlements.
Q Did you ever read the Florida settlement?
A No, sir.
Q Did you have any -- other than this one telephone call with Governor Chiles, did you have any other specific involvement with the Florida issue?
A No, sir. Not that I know of.
Q Did you ever discuss the Florida settlement's provisions concerning attorneys fees?
A No, sir.
Q Did anyone ever talk to you about an arbitration process or your serving as an arbitrator in connection with the Florida settlement specifically?
A No, sir.
Q How do you charge or how does your firm charge for your services to clients such as the tobacco companies? Is it an hourly basis or a fixed retainer or something else?
A I don't know -- you would have to talk to -- but I report my activities and turn in hours and things like cab receipts, things like that.
Q So you keep time sheets on what you do?

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A Yes, sir. Yes, sir. I try to.
Q Nobody likes that.
A Yeah.
Q So your time sheets would reflect the date of this call to Governor Chiles, presumably?
A It could. But it wouldn't say -- you know, you don't have to put down on a time sheet everybody you talk to, otherwise you never would get any work done.
Q I understand. So it might be on the time sheets?
A It might be.
Q Did you ever, in any of your offices, keep any file specifically on the Florida settlement?
A No, sir.
Q Never have any, see any documents about the Florida settlement at all?
A No, sir. I don't know anything about the Florida settlement.
Q Did you keep any file or accumulate any documents concerning how attorneys fees were going to be paid pursuant to the proposed national settlement or any of the other state settlements?

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A No, sir.
Q The attorneys fees --
A In fact, the -- I just remember some general discussion that if there was anything in the June 20th agreement about attorneys fees or what they might get paid, that it would be very difficult to pass the Congress.
Q And that's why the June 20th agreement doesn't say anything about attorneys fees. Isn't that right?
A Yes, sir.
Q But subsequently after the June 20th agreement was submitted to the Congress, attorneys fees became a fairly hot issue?
A It always does.
Q And did you become involved with that specific issue?
A No, sir.
Q Who in your firm was primarily dealing with that topic?
A I don't know.
Q But definitely not yourself?
A No, sir.
Q Do you have any letters or other correspondence between yourself or anyone

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else at your firm and any of the lawyers that we've talked about, Mr. Umphrey or Mr. Motley, Mr. Rice, Mr. Scruggs?
A No, sir.
Q You mentioned earlier that you had reviewed some documents in connection with this deposition. What did you look at?
A I looked at the -- I don't know what you call it. There was a -- I know there was a deposition of -- what's the man's name that's bringing this lawsuit?
Q Mr. Montgomery.
A There was a deposition of his and I read the parts in which I was mentioned. And I read the correspondence between you and Richard Saltsman. And I read my affidavit that I submitted previously about this matter.
THE WITNESS: Is there anything else, Charlie, that was in that little packet?
MR. BURTON: You may have had deposition excerpts of Montgomery and Butterworth and Chiles and --
A I read those portions of those depositions that had any mention of me.

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us a regular copy of the transcript, a Min-U-Script or condensed version, and ASCII disk, please.

(Discussion off the record)

MR. BEASLEY: The one thing I'd like to ask you to do is, if you could, either by a letter that we could attach to the deposition or any other form that's convenient to you, see from her records when the Las Vegas meeting that she referred to occurred and if her documents show when this call to Governor Chiles occurred.

MR. BURTON: If there are such records, I will provide.

MR. BEASLEY: And the call with Walter Umphrey about the arbitration issue. Those are the three dates that she was uncertain about and said that she might have documents that would reflect that.

MR. BURTON: If there are, we'll do it.

THE WITNESS: I know that I can tell you when I went to Las Vegas -- I know that will be in there -- because that will be on the calendar.

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MR. BEASLEY: Yes, ma'am.

THE WITNESS: I know that I can give you a guesstimate on the Walter Umphrey call.

MR. BEASLEY: That's because you can tie it to the trip to New York?

THE WITNESS: Yeah.

MR. BEASLEY: All right.

THE WITNESS: And I could guess on the call to Lawton.

MR. BEASLEY: From his testimony, it's clear it took place in the week prior to August the 25th. So it shouldn't be too much trouble just to check her time sheets or whatever records there are that would reflect that. And I'd appreciate that very much.

THE WITNESS: It's possible.

MR. BEASLEY: All right.

MR. BURTON: We'll check that, sure.

MR. BEASLEY: Okay. Thank you very much. Thank you, ma'am.

THE WITNESS: Yes, sir. Thank you.

(Deposition concluded 11:20 a.m.)

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THE STATE OF ______________________:
COUNTY OF _________________________:

I, ANN RICHARDS, hereby certify that I have read the foregoing transcript of my testimony given in the foregoing numbered and styled case and that same is true and correct.

I further certify that any and all corrections have been made on a separate page and initialed by me.

This the _______ day of ________________, 1998.

____
ANN RICHARDS

SUBSCRIBED AND SWORN TO BEFORE ME, this the _______ day of _____________________, 1998.

____
Notary Public in and for
the State of _____________________

My Commission Expires ______________________

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THE STATE OF TEXAS:

I, LOIS E. McCOY, Certified Shorthand Reporter in and the for the State of Texas, hereby certify that this deposition transcript is a true record of the testimony given by the witness named herein, after said witness was duly sworn or affirmed by me.

I further certify that I am neither attorney nor counsel for, related to, nor employed by any of the parties to the action in which this testimony was taken. Further, I am not a relative or employee of any attorney of record in this cause, nor do I have a financial interest in the action.

Further certification requirements, if any, pursuant to the Rules will be certified to in the Supplemental Certificate after they have occurred.

Subscribed and sworn to on this, the 27th day of July, 1998.

LOIS E. McCOY, CSR
Certificate No. 4282
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IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL DISTRICT, IN AND FOR PALM BEACH COUNTY, FLORIDA

CIVIL DIVISION

CASE NO. CL - 97-10357 AE

MONTGOMERY & LARMOYEUX, a Florida General Partnership, by Robert M. Montgomery, Jr., general partner

vs.

PHILIP MORRIS, INC.; RJ REYNOLDS TOBACCO COMPANY; MICHAEL MAHER; MAHER, GIBSON & GUILEY, P.A.; JOSEPH RICE; and NESS, MOTLEY, LOADHOLT, RICHARDSON & POOLE, P.A.

REPORTER'S SUPPLEMENTAL CERTIFICATE
TO DEPOSITION OF ANN RICHARDS
Taken On July 16, 1998

I, LOIS E. McCOY, Certified Shorthand Reporter, hereby certify pursuant to the Rules and/or agreement of the parties present to the following:

That $_______________ is the charge for the preparation of the completed transcript and any copies of exhibits, charged to
____
____, State Bar No. ______________________.

That the deposition transcript:
____ was submitted to the witness on __________________________, for the witness to examine, sign and return to CONTINENTAL COURT REPORTERS, INC., by __________________________.
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examination and signature, same having been waived by the witness and all parties present.

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____ was returned, properly executed by the witness, to the deposition officer.
____ was returned unsigned because of
    ____ illness
    ____ refusal to sign
    ____ absence of witness
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    ____ no reason given.
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____ was retained by ________________________ by agreement of all parties present.
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____ That the attached Change/Correction Sheet contains the changes/corrections and the reasons therefor.
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That the original or a certified copy of the deposition transcript, together with copies of all tendered exhibits, was___ was not___ delivered to ______________________________, on _______________________________, 1998.

That a copy of this certificate was served on all parties, pursuant to information made a part of the record at the time said testimony was taken.

Subscribed and sworn to on this, the ________ day of ________________________, 1998.

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LOIS E. McCOY, CSR
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